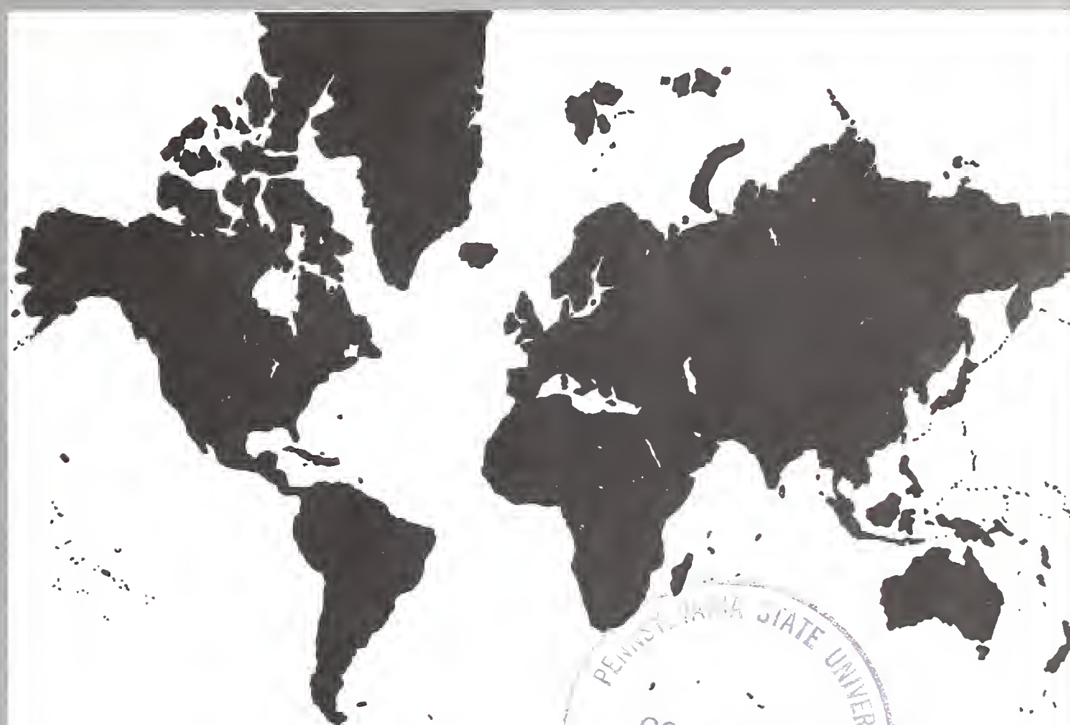
A UNITED STATES
DEPARTMENT OF
COMMERCE
PUBLICATION

Foreign Direct Investment Program

SELECTED STATISTICS



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JULY 1971

U.S.
DEPARTMENT
OF
COMMERCE
Office of
Foreign Direct
Investments

INTRODUCTION

The Foreign Direct Investment Program was established on January 1, 1968, to improve the U.S. balance of payments by limiting the use of U.S. funds to finance foreign direct investment by Americans 1/ In administering the Program and assessing its effects, the Office of Foreign Direct Investments (OFDI) has collected data on the foreign activities of the 3350 direct investors reporting to the Office.

This report presents aggregate statistics in three parts. Part I gives the preliminary results of the Program for 1970 along with comparable data for 1965-69.

Part II summarizes the results of a survey of the $11.5 billion of foreign borrowing reported to the Office as outstanding on December 31, 1970. A major effect of the Program has been to shift the financing of direct investment to foreign sources as evidenced by the rapid growth of foreign borrowing from the $2.1 billion outstanding at the end of 1967, as reported elsewhere to the Office.

Part III covers a survey of data on the financial structure of affiliated foreign nationals for the period 1966-69, which incorporates data for 1967-68 reported in a prior study released July 2, 1970. The shift in financing of U.S. direct investment is reflected not only in increased borrowing by direct investors, but evidently also by increased borrowing by the foreign affiliates themselves from foreign lenders.

1/ See the Appendix for a description of the Foreign Direct Investment Program as it is in effect for 1971.

I. PRELIMINARY PROGRAM RESULTS FOR 1970

Preliminary estimates indicate that regulated foreign direct investment totaled $3.8 billion in 1970 as compared with $2.4 billion in 1969. In general these data, summarized in Table I, show direct investment as charged under the Foreign Direct Investment Program less deductions for the use of the proceeds of qualified long-term foreign borrowing by direct investors.

Regulated direct investment for 1970 was estimated from cumulative fourth quarter FDI-102 reports filed by 814 of some 3350 direct investors reporting annually to the Office.

During 1970, transfers of capital were $4.5 billion as compared with $3.4 billion in 1969. Transfers of capital represent net transfers by direct investors to their incorporated and unincorporated affiliated foreign nationals associated with changes in direct investors' equity or debt interest in such affiliates. Transfers of capital also include certain program compliance charges for indirect transfers of capital made in connection with parallel and triangular financing arrangements and "deemed" transfers charged pursuant to compliance penalties or specific authorizations.

Under the Program, direct investors' repayment of long-term foreign borrowing used previously to reduce positive direct investment is also treated as a transfer of capital. Conversions by foreigners of direct investors' debt obligations into equity securities of the direct investor are included in Table I as repayments of direct investors' foreign borrowing in the year of conversion, although transfers of capital for such repayments are not charged until the following year.

Thus, transfers of capital as calculated here are not equivalent to net U.S. foreign direct investment capital outflows as presented in official balance of payments statistics.

In 1970 reinvested earnings were $2.3 billion compared with $1.5 billion in 1969. In general, reinvested earnings comprise the direct investor's share of earnings after foreign taxes of its incorporated foreign affiliates, less dividends declared, before deduction from those dividends of withholding taxes paid to foreign governments.

Some direct investors treat dividends paid in the first 60 days of one year as having been paid in the previous year. Reinvested earnings reported in Table I for 1965-70 are based on the dividend treatment used by each direct investor. In Table I, total losses of incorporated foreign affiliates in Schedule C are included in computations of reinvested earnings, although for compliance purposes certain direct investors were required to include such losses when computing positive direct investment for 1968-1970.

Direct investors may "use" the proceeds of qualified non-Canadian foreign borrowing to reduce regulated positive direct investment under the Foreign Direct Investment Program. Such "use" in the regulatory program means actually expending the proceeds in making transfers of capital or "allocating" the proceeds against positive direct investment, provided they are repatriated to the U.S. by the end of the year in which the allocation was made. Such proceeds can be "used" whether or not the underlying borrowing was made in the current or a previous year. "Use" of such proceeds was $3.0 billion in 1970 as compared to $2.6 billion in 1969. These data on use of proceeds do not indicate the timing of the balance of payments effect of any new foreign borrowing or changes in the amount of unused proceeds held abroad at year end.

Since early 1968, there has been no restriction on direct investment in Canada. Total unregulated direct investment in Canada is estimated at $1.6 billion for 1970 compared with $1.5 billion in 1969: transfers of capital to Canada for 1970 are estimated to be $1.1 billion compared to $744 million in 1969; and reinvested earnings are estimated to be $493 million for 1970 compared to $716 million for 1969.

Table I
REGULATED DIRECT INVESTMENT, 1965-70
(millions of dollars)

	1965	1966	1967	1968	1969	1970 Est.
TOTAL, ALL REGULATED SCHEDULES, EXCLUDING CANADA						
Transfers of capital 1/	3080	3387	3360	2321	3427	4520
Reinvested earnings	1058	1109	934	1129	1530	2250
Direct Investment	4138	4496	4294	3450	4957	6770
Deduction for use of proceeds	(98)	(634)	(582)	(2209)	(2603)	(2992) 2/
Regulated direct investment	4040	3862	3712	1241	2354	3778
SCHEDULE A						
Transfers of capital	809	816	721	820	993	1379
Reinvested earnings	389	465	417	529	503	856
Direct Investment	1198	1281	1138	1349	1496	2235
Deduction for use of proceeds	(13)	(28)	(39)	(595)	(455)	(652)
Regulated direct investment	1185	1253	1099	754	1041	1583
SCHEDULE B, EXCLUDING CANADA						
Transfers of capital	987	1018	1230	762	1130	1602
Reinvested earnings	492	369	312	409	423	641
Direct Investment	1479	1387	1542	1171	1553	2243
Deduction for use of proceeds	(20)	(160)	(177)	(642)	(638)	(758)
Regulated direct investment	1459	1227	1365	529	915	1485
SCHEDULE C						
Transfers of capital	1284	1553	1409	739	1304	1539
Reinvested earnings	177	275	205	191 3/	604 3/	753 3/
Direct Investment	1461	1828	1614	930	1908	2292
Deduction for use of proceeds	(65)	(446)	(366)	(972)	(1510)	(1582)
Regulated direct investment	1396	1382	1248	(42)	398	710
MEMORANDUM: CANADA						
Transfers of capital	873	971	679	459	744	1073
Reinvested earnings	440	593	481	649	716	493
Total	1313	1564	1160	1108	1460	1566

See page 5 for footnotes.

Table I Footnotes

1/ Foreigner's conversion of debt obligations into equity securities of the direct investor are reported in Table I as transfers of capital in the year of conversion. The same treatment is accorded to debt obligations of direct investors' foreign incorporated overseas finance subsidiaries, when such debt obligations are converted by foreigners into equity securities of the direct investor. For compliance purposes, however, transfers of capital charged for such conversions of $41 million in 1968, $37 million in 1969, and an estimated $66 million in 1970 are deferred until the following year.

2/ In 1970 use of proceeds includes use of "available overseas proceeds" of foreign borrowing by an overseas finance subsidiary when transferred directly by the overseas finance subsidiary to foreign affiliates of the direct investor. This treatment conforms with specific authorizations granted in 1968 and 1969, which treated all proceeds of overseas finance subsidiary borrowing as "available proceeds".

3/ Direct investors electing historical or earnings allowables in 1968 through 1970 were required to exclude total losses of incorporated foreign affiliates in Schedule C when computing regulated direct investment for Schedule C. Such losses of $210 million 1968, $104 million in 1969 and $65 million in 1970 are included in reinvested earnings reported on Table I.

II. SURVEY OF LONG-TERM FOREIGN AND OVERSEAS BORROWING OUTSTANDING ON DECEMBER 31, 1970

The results of a survey of long-term foreign and overseas borrowing by U.S. direct investors outstanding on December 31, 1970 are set forth in Table II, "Summary of Outstanding Borrowing, Scheduled Repayments, and Final Maturities," and Table III, "Summary of Outstanding Borrowings by Year of Origination."

Direct investors with more than $2 million of such long-term foreign borrowing were required to report details of these loans on Supplement F to the cumulative fourth-quarter FDI-102 report for 1970 (a copy of this supplement and its instructions are included in this Part as pp. 11-14). Of the 814 fourth-quarter reporters, 339 filed Supplement F covering $11.3 billion, or more than 98 percent, of the total of $11.5 billion of foreign debt reported on this fourth-quarter report.

The survey revealed that $2.3 billion, or about 20 percent of the total debt, was in the form of renewable short-term loans, with foreign branches of U.S. banks being the primary source. Bank term loans accounted for $3.6 billion, or about 32 percent of the total, with foreign-owned banks being the major term lenders. Because bank term loans incorporating "floating" rates are generally flexible as to repayment, the distinction between short-term bank loans and bank term loans may be of limited significance with respect to the reported scheduled and projected repayments.

Long-term debt in the form of public offerings and private placements amounting to $2.5 billion (22 percent) was floated in the form of straight debt and $2.7 billion (24 percent) in convertible instruments. Over two-thirds of the straight debt and more than 90 percent of the convertibles have final maturities after 1975.

Not all of the reported borrowing has been "used" under the Program to date as an offset to direct investment. At the end of 1970, $3.1 billion remained unused in the form of "available proceeds"; $2.6 billion of this was held in the U.S. and $510 million in other countries. The $11.3 billion of foreign borrowing reported on Supplement F includes $2.5 billion of "overseas borrowing" and $8.8 billion of "long-term foreign borrowing."

Long-term foreign borrowings are defined in Section 324 of the Foreign Direct Investment Regulations as borrowings contracted after January 1, 1965, by the direct investor, from unaffiliated foreign nationals, that have been or will be continuously outstanding for at least 12 months. Such borrowing by direct investors enters the official balance of payments

table of accounts compiled by the Office of Business Economics on lines 53, 55, and 56, where it is reported as foreign purchases of U.S. securities and short- and long-term liabilities of U.S. private residents (other than banks) to foreigners. Such entries are treated as inflows for balance of payments accounting purposes.

Overseas borrowing, as defined in Subpart N of the Regulations, includes all borrowings by a qualified offshore finance subsidiary that would qualify as long-term foreign borrowing if made directly by the direct investor. When an offshore finance subsidiary lends the proceeds of an overseas borrowing to the direct investor, such proceeds may be "used" to offset foreign direct investment. Proceeds of an overseas borrowing may also be invested by an offshore finance subsidiary in other foreign affiliates of the direct investor without Program charge to the direct investor's allowables.

Borrowings by offshore finance subsidiaries are treated by the Office of Business Economics as loans from unaffiliated foreign nationals to the direct investors if the proceeds are loaned back to the U.S. parent company by the overseas finance subsidiary. If the proceeds are not transferred this way, such borrowing does not enter the U.S. balance of payments accounts directly.

Borrowings by other foreign affiliates, it should be emphasized, do not enter U.S. balance of payments statistics directly. The results of a survey of foreign affiliate financing are described in Part III, Foreign Affiliate Financial Survey, 1966-1969.

Types of Credits

The foreign borrowing data set forth in Tables II and III are divided into four categories: (A) short-term bank credits, including renewable and revolving credits, overdrafts, advances, and similar short-term borrowing; (B) bank term loans with a stated maturity of more than one year; (C) non-bank straight debt consisting primarily of public bond offerings; and (D) non-bank convertible debt.

Data on private placements of direct investors' debt obligations were collected under the definition "debt obligations sold to a limited number of foreigners without a public offering or formal prospectus, or . . . medium-term debt obligations placed with foreign non-bank financial institutions at maturities of three to five years." This definition was intended to exclude bank borrowings, but does not always seem to have had the intended effect, and foreign bank loans sometimes seem to have been reported as private placements. Conversely, some direct investors listed foreign banks as lenders when the banks seem in fact to have acted as brokers in bona fide private placements. It thus remains unclear to what extent the term loan total for foreign banks includes private placements, and vice versa, although adjustments were made by the Office whenever such borrowings seemed clearly to have been misreported.

With regard to the type of lender, some direct investors were apparently unaware in some cases that a foreign bank was partly U.S.-owned, and borrowings from some such banks were reported as being from "Other Foreign Banks" rather than from "Foreign Banks with U.S. Equity." Finally, trade credit qualifying as long-term foreign borrowing under Section 324(a)(1)(iv) of the Regulations should have been reported as "suppliers credit." Whenever these terms seem to have led to misreporting, the Office again made adjustments.

Maturities

The instructions under which final maturity dates were reported contain the proviso that "all maturities of renewable or revolving borrowings which the direct investor intends to renew and has reason to believe at present can or will be extended, continued or refinanced should be designated as 'Open.'" However, term loans may be inherently renewable, just as short-term borrowings drawn down under revolving credit agreements may be extended or continued. It thus seems possible that some borrowings reported as having fixed maturities under term loan arrangements may also be considered as having "open" maturities in this sense. The intent of the term "Scheduled Repayments" was to collect data on fixed amortization payments on term loans and sinking fund payments on public issues, as opposed to final repayments, but some overlap occurs in the reported amounts.

Scheduled repayments of bank-term loans seem consistent with traditional amortization schedules of such loans, although in some cases direct investors reported term loans with "open" maturities. The Office adjusted these by including them in the column "1976 and beyond." Scheduled repayments in 1971 and 1972 for public offerings reflect sinking-fund payments and several 1965 and 1966 straight-debt issues falling due in the current period.

Public Offerings

The information on public offerings generally parallels other published data although the totals are somewhat lower than those of Eurobond tables published elsewhere. The difference may be attributable to the fact that some U.S. issuers of Eurobonds are not direct investors and that some direct investors failed to report Eurobond issues originating in the base period years 1965-1966.

Table III shows outstanding borrowings by year of origination. It reflects a noticeable increase in new foreign borrowing by direct investors during the three Program years 1968-1970, as compared to the prior period of the Voluntary Program. Direct investors relied most heavily on public offerings in 1968, a year of great activity in Eurobond issues. In 1969 and particularly in 1970, bank lending surpassed the volume of straight-debt and convertible issues, undoubtedly because of adverse bond market conditions.

Table II

SUMMARY OF OUTSTANDING BORROWINGS, SCHEDULED REPAYMENTS, AND FINAL MATURITIES

(millions of dollars)

	OUTSTANDING 12/31/70 Amt.	%	SCHEDULED REPAYMENTS 1971	1972	FINAL MATURITY "Open"	1971	1972	1973	1974	1975	1976 & Beyond
A. SHORT-TERM 1/											
Foreign Banks	673	6.0	66	3	438	165	0	3	0	67	0
Foreign Banks w/ US Equity	127	1.1	0	3	81	12	0	3	5	6	20
Foreign Branches of US Banks	1,471	13.1	89	21	1,038	191	24	64	24	107	23
Subtotal	2,271	20.2	155	27	1,557	368	24	70	29	180	43
B. BANK TERM LOANS 2/											
Foreign Banks	2,272	20.2	259	242	0	201	155	536	180	325	875
Foreign Banks w/ US Equity	480	4.2	57	31	0	56	21	92	31	178	102
Foreign Branches of US Banks	836	7.4	197	109	0	176	96	160	73	209	122
Subtotal	3,588	31.8	513	382	0	433	272	788	284	712	1,099
C. NON-BANK STRAIGHT DEBT											
Public Offerings	1,922	17.1	115	144	0	80	85	35	20	155	1,547
Private Placements	545	4.8	55	33	3	39	7	74	36	126	260
Subtotal	2,467	21.9	170	177	3	119	92	109	56	281	1,807
D. NON-BANK CONVERTIBLE DEBT											
Public Offerings	2,606	23.1	30	25	0	20	15	10	0	0	2,561
Private Placements	123	1.1	0	0	84	0	8	0	0	0	31
Subtotal	2,729	24.2	30	25	84	20	23	10	0	0	2,592
E. OTHER 3/	210	1.9	36	26	0	10	15	15	13	6	151
F. GRAND TOTAL	11,265	100.0	904	637	1,644	950	426	992	382	1,179	5,692

1/ Renewable and revolving credits, overdrafts, advances, and similar short-term borrowings with stated or nominal maturity of less than one year. Maturities beyond '71 reflect renewable or revolving terms of finance extending beyond the nominal maturity period.

2/ Term loans and other borrowings from foreign banks and foreign branches of US banks, with stated maturities of more than one year, generally characterized by fixed amortization schedules. Long-term suppliers' credit is included in this category.

3/ Includes Government loans and other miscellaneous credits, \$2 million of short-term commercial paper, and \$84 million of suppliers' credit.

Table III

SUMMARY OF OUTSTANDING BORROWINGS BY YEAR OF ORIGINATION
(millions of dollars)

	1965 & Prior	1966	1967	1968	1969	1970	OUTSTANDING 12/31/70
A. SHORT-TERM BANK LOANS							
Foreign Banks	0	2	13	36	68	554	673
Foreign Banks w/ US Equity	0	0	0	14	42	71	127
Foreign Branches of US Banks	13	57	19	209	268	905	1,471
Subtotal	13	59	32	259	378	1,530	2,271
B. BANK TERM LOANS							
Foreign Banks	5	51	64	665	749	738	2,272
Foreign Banks w/ US Equity	0	2	0	50	82	346	480
Foreign Branches of US Banks	8	31	23	225	86	463	836
Subtotal	13	84	87	940	917	1,547	3,588
C. NON-BANK STRAIGHT DEBT							
Public Offerings	136	177	208	520	388	493	1,922
Private Placements	21	28	37	175	128	156	545
Subtotal	157	205	245	695	516	649	2,467
D. NON-BANK CONVERTIBLE DEBT							
Public Offerings	75	336	172	1,468	468	87	2,606
Private Placements	74	0	0	0	43	6	123
Subtotal	149	336	172	1,468	511	93	2,729
E. OTHER	0	2	10	30	45	123	210
F. GRAND TOTAL	332	686	546	3,392	2,367	3,942	11,265

1/ Renewable and revolving credits, overdrafts, advances, and similar short-term borrowings with stated or nominal maturity of less than one year. Borrowings originating prior to 1970 reflect renewable or revolving terms of finance extending beyond the nominal maturity period.

2/ Term loans and other borrowings from foreign banks and foreign branches of US banks, with stated maturities of more than one year, generally characterized by fixed amortization schedules. Long-term suppliers' credit is included in this category.

3/ Includes Government loans and other miscellaneous credits, $2 million of short-term commercial paper, and $84 million of suppliers' credit.

Form Approved; OMB No. 41-R2449

FORM FDI-102, SUPPLEMENT F
(12-70)

U. S. DEPARTMENT OF COMMERCE
OFFICE OF FOREIGN DIRECT INVESTMENTS

LONG-TERM FOREIGN BORROWINGS BY DIRECT INVESTORS AND OVERSEAS BORROWINGS BY OVERSEAS FINANCE SUBSIDIARIES

Only quarterly reporters reporting TOTAL outstanding long-term foreign and overseas borrowings of $2.0 million or more as of end - 1970 must file this supplement with their fourth-quarter report FDI-102

Show amounts in thousands of U. S. dollars, omitting final 000; e.g., show $1,234,432 as $1,234

This page of Supplement F pertains to (check one):

LONG-TERM FOREIGN BORROWINGS ☐

OVERSEAS BORROWINGS ☐

This is page ______ of ______ pages of Supplement F filed.

OFDI Identification No.:

NAME AND ADDRESS OF REPORTER: *(Street, City, State, Zip code)*

RETURN TO: PROGRAM REPORTS BRANCH
OFFICE OF FOREIGN DIRECT INVESTMENTS
U. S. DEPARTMENT OF COMMERCE
WASHINGTON, D. C. 20230

043

	Name of Foreign Lender or Managing Underwriter(s):	Currency Code	Country Code	Lender Code	Type Loan	Interest Rate	Maturity (month, year)	Date Borrowed	Amount Borrowed	Amount Outstanding as of 12/31/70	Scheduled Repayments 1971	Scheduled Repayments 1972	First Call Provisions
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
998	"AGGREGATE"												
999	TOTALS →												

USCOMM-DC 45066-P71

INSTRUCTIONS TO FOURTH QUARTER REPORT FDI-102 SUPPLEMENT F: LONG-TERM FOREIGN BORROWINGS BY DIRECT INVESTORS AND OVERSEAS BORROWINGS BY OVERSEAS FINANCE SUBSIDIARIES

(Replaces Supplement 3A to Form FDI-102 for 1968)

Purpose

Supplement F requires selected direct investors to provide a detailed listing of long-term foreign borrowings. This information will be used by the Office to evaluate possible future balance-of-payments effects resulting from the structure of long term foreign (DI) and overseas (OFS) borrowing.

Who Must File

A DI is required to complete and file Supplement F only if (i) it is required to file a Fourth Quarter Report for 1970, and (ii) its outstanding long-term foreign borrowings, including overseas borrowings of its OFS (Column 2, line 55 of Form FDI-102 plus line 8, Column 2 of the accompanying Supplement E), total $2 million or more as of December 31, 1970. Such reporters must file this Supplement F only with the Fourth Quarter Report FDI-102, due on or before February 15, 1971.

General Reporting Instructions

A DI must report each long-term foreign borrowing, as defined in Section 324, or overseas borrowings as defined in Subpart N, in an original amount in excess of $500,000 as a separate line item in this Supplement F.

Borrowing of $500,000 or less may be reported separately or aggregated into a single total. If aggregated use the line "aggregate" in Column (1) of Supplement F, and complete only Columns (9) through (12).

Two separate Supplement F lists are required: (1) for long-term foreign borrowings; and (2) for overseas borrowings.

After completing this Supplement F, check the totals shown against the appropriate totals on the 1970 Fourth Quarter Report FDI-102 and on the Supplement E filed with such FDI-102 report. Total long-term foreign borrowings outstanding at end-1970 (from Column(10)of the last Supplement F page listing such long-term foreign borrowings) should equal the total shown on line 55, Column (2) of FDI-102; and total OFS borrowings at end-1970 (from Column(10)of the last Supplement F pages listing OFS borrowings) should equal the FDI-102 Supplement E total shown on line 8, Column (2) of that Supplement.

Double space between loan-line items.

Renewals and Refinancings

A borrowing refinanced by renewal, extension, or continuance pursuant to Section 324 (b) (1) is to be reported as a single continuing borrowing. In Column (8) enter the date of inception of the original borrowing, and in other columns enter data pertaining to the terms and conditions as in effect on December 31, 1970.

If a borrowing has been refinanced in whole or in part with other than the original lender, complete Columns (1) through (13) for the original borrowing. Directly below, also complete Columns (1) through (13) for each successor borrowing outstanding on December 31, 1970. Bracket together in Column (1) the lines for the original borrowing and any such successor borrowings.

Column Instructions

Column (1) List long-term foreign borrowings and number consecutively; those long-term foreign borrowings of $500,000 or less original amount not aggregated must be included in this list as separate line items. List Overseas borrowings and number consecutively on a separate Supplement F sheet; those Overseas borrowings of $500,000 or less original principal amount not aggregated must be included in this list as separate line items.

Enter for each borrowing an identifying name of maximum length of 28 letters. Use the name of the foreign lender or name of managing underwriter(s).

Enter in Columns (2), (3), and (4) the respective codes shown below, as most appropriate: Make only one entry in those columns for each borrowing line.

Column (2) Currency Codes (Enter currency in which borrowings are outstanding on December 31, 1970)

10	U.S. Dollars	60	French Francs
20	Pound Sterling	70	Italian Lire
30	Multiple Currencies	80	Dutch Guilders
40	German Marks	90	Belgian Francs
50	Swiss Francs	99	Other Currency

Column (3) Country Codes of Lenders

In case of lenders involving more than one country, enter only code for 90 or 99, as appropriate.

10	U.K.	50	France	90	Public Offering
20	Bahamas	60	Benelux		
30	Germany	70	Italy	99	Other
40	Switzerland	80	Canada		

Column (4) Type of Lender

1. Foreign Branch of U.S. Bank
2. Foreign Bank (Joint Venture with U.S. Bank Equity Participation)
3. Other Foreign Banks
4. Non-bank Financial Institution
5. Public Offering
6. Suppliers' Credit
7. Other

Column (5) Type of Borrowing

Enter for each qualifying borrowing the single most appropriate code letter (A, B, C, D), and also, whenever appropriate, the code letter (P) as defined below.

(A) Include in Category (A) renewable or revolving credits, overdrafts, advances, or similar short-term borrowings (whenever the underlying debt instrument has a stated or nominal face maturity of less than one year).

Include long-term borrowing arrangements with foreign banks (including foreign branches of U.S. banks) to discount commercial paper, or other arrangements to place similar instruments directly with foreign lenders.

Conventional bank term loans with a face maturity of more than one year are included in Category (B) below.

(B) Include in Category (B) term loans or other borrowings from foreign banks (or from foreign branches of U.S. banks), with a stated maturity of more than one year. (This category is generally characterized by a fixed amortization schedule.)

(C) Include in Category (C) all non-bank long-term straight-debt borrowings (including those with warrants attached) and also long-term credits granted by foreign nationals in the form of installment or trade credit. Do not include in this category any debt securities convertible into equity. (See (D) below.)

(D) Include in Category (D) all long-term foreign borrowings represented by the issue of notes or debentures convertible into equity or the equivalent.

(P) Indicate a private placement by using the letter (P) in conjunction with one of the above codes—e.g., (CP) entered in Column (5) indicates a long-term straight debt private placement. Typically, such private placements consist either of debt obligations sold to a limited number of foreigners without a public offering or formal offering prospectus, or of medium term debt obligations placed with foreign non-bank financial institutions at maturities of three to five years.

Column (6) Enter the current interest rate as of December 31, 1970. For convertible debentures or other long-term fixed interest securities, this will be the coupon or stated rate. If the rate is periodically determined by reference to an external market indicator, enter the rate in effect as of December 31, 1970, followed by an asterisk, e.g., 9.3*. The interest rate should be expressed in terms of the nearest tenth of one percent (e.g., 7.5).

Column (7) Enter the stated final maturity date of the borrowing, if any. For foreign borrowings, which involve different lenders but are treated as a continuance of an outstanding long-term foreign borrowing, indicate the maturity date provided for in the latest refinancing. All maturities of renewable or revolving borrowings which the DI intends to renew and has reason to believe at present can or will

be extended, continued or refinanced, should be designated as "open."

Column (8) Enter the date (month/year) of the original long-term foreign borrowing. Report in numerals, i.e., 10/69 for October 1969.

Column (9) Enter the amount of the original long-term foreign borrowings. For lines of credit or overdraft facilities, enter only the amounts actually availed of and outstanding as of the end of the first year in which the borrowing was reported to the Office.

Column (10) Enter the amount outstanding for each listed borrowing as of December 31, 1970.

Columns (11-12) Enter required repayments scheduled for 1971 and 1972 for borrowings outstanding as of December 31, 1970. Enter the full amount of such repayments whether or not the intention is to refinance such borrowings pursuant to the terms of Section 324 (b) (1). For renewable or revolving credits, or similar arrangements which are characteristically subject to renewal or refinancing at the option of the borrower, enter "open."

Column (13) Enter the date (month/year) any call provision first becomes effective and the initial call price. Report the data in numerals, i.e., 12/74/105 for a borrowing first callable in December 1974 at a price of 105.

On the last page of this Supplement F pertaining to long-term foreign borrowings, enter totals for all such pages for Columns (9), (10), (11), and (12), in the row provided. On the last page of this Supplement F pertaining to Overseas borrowings, enter totals for all such pages for Columns (9), (10), (11) and (12), in the row provided. These grand totals in Column (10), should check with the Fourth Quarter Report FDI-102.

III. FOREIGN AFFILIATE FINANCIAL SURVEY, 1966-1969

Summarized in Tables IV - VII are the highlights of a survey of the financing of majority-owned foreign affiliates covering the years 1966-1969[1]. These results extend the data previously released in a July 2, 1970 report.

The former report, based on data for 515[2] direct investors which had 1969 direct investment quotas under the Program which were over $1 million, or which made long-term foreign borrowings totaling at least $5 million from the beginning of 1965 to the end of 1969, covered 1967 and 1968. These direct investors were asked to file 1966 and 1969 data on Form FDI-105 in 1970. Only 469 direct investors were covered in the 1970 survey, primarily because some failed to meet reporting requirements or because of mergers.

The data shown in the tables for the 469 direct investors over the four-year period represent 1968 foreign affiliate assets of $64.0 billion as compared with $65.1 billion of 1968 foreign affiliate assets represented in last year's survey.

Total 1969 foreign (including Canadian) assets of the direct investors covered amounted to $53.9 billion in 1969, as compared with an Office of Business Economics figure of $70.8 billion (Survey of Current Business, October, 1970), which is an expansion of their sample to estimated universe size. Although asset totals in the OFDI sample amount to only 76 percent of those in the Office of Business Economics sample, the statistics of the OFDI on sources and uses of funds are closer to those of the OBE (and in fact somewhat larger), since the OBE did not expand its data on sources and uses of funds. Differences may also arise from differences in definitions and in the types of reporters in the sample (the OBE 450-firm sample includes only mining and smelting, petroleum, and manufacturing).

The tables point up a number of trends taking place between 1966 and 1969. Looking first at the financial data for the regulated scheduled areas, Table IV shows that the direct investors' share of the total assets of their majority-owned foreign affiliates fell steadily from 1966 to 1969 from 59.1 to 56.0 percent. Table V shows that the direct investors' share in their Canadian affiliates also fell, although not by quite so much, going from 63.1 in 1966 to 61.7 percent in 1969. Debt-equity ratios (Table VII) rose equivalently, and were generally higher in the regulated scheduled areas than in Canada, being 70.8 percent in the regulated scheduled areas in 1969 and 48.6 percent in Canada.

1/ A separately published document, Foreign Affiliate Financial Survey, 1966 - 1969 provides additional tables giving breakdowns of the statistics by industry. It also includes an extensive statistical analysis of these data that attempts to determine which of the various changes observable between these years may have been attributable to the Program, and which took place for reasons not directly associated with it. Copies of this paper are available on request from the Office of Foreign Direct Investments, U.S. Department of Commerce, Wash., D.C. 20230.

2/ Reported in error as 561.

Majority-owned foreign affiliates, although including all affiliates whose parent ownership share was 51 percent or more, were almost wholly owned. Minority shares for the regulated scheduled areas averaged a scarcely fluctuating 2.7 percent for the years surveyed; for Canada the percentage of minority ownership fell slightly to 5.9 percent in 1969 from 7.0 percent in 1966.

Total liabilities to others rose from 38.2 percent to 41.5 percent in the regulated scheduled areas over the years surveyed; in Canada they also rose, but by a smaller percentage. Table VI shows that affiliates' liabilities to others increased strikingly as a source of funds in the regulated scheduled areas while scarcely changing in Canada. In 1967 such liabilities financed 26.4 percent of total uses of funds in the regulated scheduled areas and 25.2 percent in Canada; by 1969 the regulated scheduled area proportion had risen to 36.1 percent while it remained virtually constant in Canada.

Changes in non-interest-bearing liabilities--generally payables--rose most sharply of all affiliate liabilities. In the regulated scheduled areas, the volume of these liabilities grew 46 percent from $9.8 billion in 1967 to $14.3 billion in 1969; in Canada they grew at only half that rate over the same period.

On the asset side, Table IV shows that net fixed assets in the scheduled areas grew $8.5 billion between 1966 and 1969, or about 23 percent for the total period. Over the same period, current assets rose $12.3 billion, a growth rate of 38 percent. Fixed assets were 44.2 percent of total assets in 1966, but only 41.9 percent of the total in 1969.

The Canadian figures indicated in Table V give a very different picture. There, current and net fixed assets grew by $2.7 billion and $2.4 billion respectively and, unlike those in the regulated scheduled areas, remained in a stable ratio with one another over the period.

Other factors than the Foreign Direct Investment Program may have caused the changes in assets or liabilities as between Canada and the regulated scheduled areas over the 1966-69 period. For example, while revenues grew 32.6 percent between 1967 (the year before the Program began) and 1969 in the regulated scheduled areas, they grew only 23.8 percent over the same period in Canada.

After tax earnings (Table VII) as a percent of total capitalization were at least twice as high in the regulated scheduled areas as in Canada. In the scheduled areas this rate of return rose sharply between 1967 and 1968 (from 10.7 percent to 15.1 percent), then fell back to 11.9 percent in 1969. In Canada the rate of return was stable during the first three years of the period and then rose in 1969 to 6.3 percent over the 5.5 percent posted in the previous year.

Table IV

ALL INDUSTRIES 1/*

STRUCTURE OF FOREIGN AFFILIATE ASSETS AND LIABILITIES, 1966 - 1969**

ALL SCHEDULES (excluding Canada)

	1966		1967			1968			1969		
	$ Millions	% of Total	$ Millions	% of Total	% Change 1966-67	$ Millions	% of Total	% Change 1967-68	$ Millions	% of Total	% Change 1968-69
1. Direct Investment	$29,547	59.1%	$33,037	58.8%	11.8%	$36,501	57.0%	10.5%	$40,886	56.0%	12.0%
a. majority equity	20,730	41.5	23,751	42.3	14.6	26,471	41.4	11.5	28,478	39.0	7.6
b. liabilities to parent	8,817	17.6	9,286	16.5	5.3	10,030	15.7	8.0	12,408	17.0	23.7
2. Minority Equity	1,357	2.7	1,563	2.8	15.2	1,805	2.8	15.5	1,914	2.6	6.1
3. Liabilities to Others 2/	19,106	38.2	21,588	38.4	13.0	25,720	40.2	19.1	30,305	41.5	17.8
a. short-term	13,761	27.5	15,180	27.0	10.3	18,073	28.2	19.1	21,598	29.5	19.5
(1) interest bearing	4,605	9.2	5,352	9.5	16.2	6,125	9.6	14.4	7,276	10.0	18.8
(2) non-interest bearing	9,156	18.3	9,827	17.5	7.3	11,948	18.7	21.6	14,322	19.6	19.9
b. long-term	5,345	10.7	6,409	11.4	19.9	7,646	11.9	19.3	8,707	11.9	13.9
(1) interest bearing	3,789	7.6	4,654	8.3	22.8	5,771	9.0	24.0	6,383	8.7	10.6
(2) non-interest bearing	1,555	3.1	1,755	3.1	12.8	1,875	2.9	6.8	2,325	3.2	24.0
Total Liabilities Plus Equity	$50,009	100.0%	$56,188	100.0%	12.4%	$64,025	100.0%	14.0%	$73,105	100.0%	14.2%
1. Fixed Assets 3/	$22,124	44.2%	$24,902	44.3%	12.6%	$27,586	43.1%	10.8%	$30,600	41.9%	10.9%
2. Current Assets	22,827	45.7	25,341	45.1	11.0	29,896	46.7	18.0	35,091	48.0	17.4
3. Other Assets 4/	5,058	10.1	5,945	10.6	17.5	6,543	10.2	10.1	7,414	10.1	13.3
Total Assets	$50,009	100.0%	$56,188	100.0%	12.4%	$64,025	100.0%	14.0%	$73,105	100.0%	14.2%

* The numbered footnotes are shown on page 21.
** Detail may not add to total because of rounding.

Table V

ALL INDUSTRIES 1/*

STRUCTURE OF FOREIGN AFFILIATE ASSETS AND LIABILITIES, 1966 - 1969**

CANADA

	1966		1967			1968			1969		
	$ Millions	% of Total	$ Millions	% of Total	% Change 1966-67	$ Millions	% of Total	% Change 1967-68	$ Millions	% of Total	% Change 1968-69
1. Direct Investments	$ 9,845	63.1%	$11,171	62.4%	13.5%	$12,091	61.9%	8.2%	$13,006	61.7%	7.6%
a. majority equity	7,492	48.0	8,459	47.3	12.9	9,213	47.2	8.9	10,213	48.5	10.9
b. liabilities to parent	2,353	15.1	2,712	15.2	15.3	2,879	14.8	6.2	2,793	13.3	- 3.0
2. Minority Equity	1,089	7.0	1,223	6.8	12.3	1,243	6.4	1.6	1,233	5.9	- .8
3. Liabilities to Others 2/	4,675	30.0	5,482	30.7	17.3	6,186	31.7	12.8	6,837	32.4	10.5
a. short-term	2,688	17.2	3,006	16.8	11.9	3,574	18.3	18.9	3,985	18.9	11.5
(1) interest bearing	732	4.7	958	5.4	30.9	1,111	5.7	16.0	1,450	6.9	30.5
(2) non-interest bearing	1,955	12.5	2,048	11.5	4.7	2,463	12.6	20.3	2,535	12.0	2.9
b. long-term	1,988	12.7	2,476	13.9	24.6	2,611	13.4	5.5	2,852	13.5	9.2
(1) interest bearing	1,583	10.1	1,985	11.1	25.4	2,032	10.4	2.4	2,071	9.8	1.9
(2) non-interest bearing	405	2.6	491	2.8	21.2	580	3.0	18.0	781	3.7	34.7
Total Liabilities Plus Equity	$15,608	100.0%	$17,875	100.0%	14.5%	$19,520	100.0%	9.2%	$21,077	100.0%	8.0%
1. Fixed Assets 3/	$ 8,056	51.6%	$ 9,097	50.9%	12.9%	$ 9,919	50.8%	9.0%	$10,739	51.0%	8.3%
2. Current Assets	6,458	41.4	7,535	42.2	16.7	8,361	42.8	11.0	8,860	42.0	6.0
3. Other Assets 4/	1,095	7.0	1,243	7.0	13.6	1,239	6.4	- .3	1,478	7.0	19.3
Total Assets	$15,608	100.0%	$17,875	100.0%	14.5%	$19,520	100.0%	9.2%	$21,077	100.0%	8.0%

* The numbered footnotes are shown on page 21.
** Detail may not add to total because of rounding.

Table VI

ALL INDUSTRIES *

SOURCES AND USES OF FUNDS OF MAJORITY-OWNED FOREIGN AFFILIATES, 1967 - 1969 1/**

	ALL SCHEDULES (excl. Canada)						CANADA					
	1967		1968		1969		1967		1968		1969	
	$ Millions	% of Total	$ Millions	% of Total	$ Millions	% of Total	$ Millions	% of Total	$ Millions	% of Total	$ Millions	% of Total
SOURCES OF FUNDS	$ 9,413	100.0%	$11,473	100.0%	$12,719	100.0%	$ 3,206	100.0%	$ 2,659	100.0%	$ 2,575	100.0%
1. Direct Investment	3,491	37.1	3,464	30.2	4,385	34.5	1,327	41.4	921	34.6	916	35.6
a. Retained Earnings***	765	8.1	1,254	10.9	1,594	12.5	572	17.8	581	21.8	484	18.8
b. Capital Transfers	2,726	29.0	2,210	19.3	2,791	22.0	755	23.6	340	12.8	432	16.8
(1) Equity	2,256	24.0	1,467	12.8	413	3.3	396	12.4	173	6.5	517	20.1
(2) Liabilities to Parent	470	5.0	743	6.5	2,378	18.7	359	11.2	167	6.3	-85	-3.3
2. Equity Contributions of Minority Stockholders	206	2.2	242	2.1	110	.9	134	4.2	20	.8	- 9	- .4
3. Affiliate Liabilities to Others 2/	2,482	26.4	4,132	36.0	4,585	36.1	807	25.2	704	26.5	651	25.3
a. Short-Term	1,418	15.1	2,894	25.2	3,524	27.7	318	9.9	568	21.4	411	16.0
b. Long-Term	1,064	11.3	1,238	10.8	1,061	8.3	488	15.2	135	5.1	241	9.4
4. Depreciation	3,234	34.4	3,636	31.7	3,639	28.6	939	29.3	1,014	38.2	1,017	39.5
USES OF FUNDS	$ 9,413	100.0%	$11,473	100.0%	$12,719	100.0%	$ 3,206	100.0%	$ 2,659	100.0%	$ 2,575	100.0%
1. Current Assets	2,514	26.7	4,555	39.7	5,195	40.9	1,077	33.6	826	31.1	498	19.4
2. Fixed Assets 3/	6,012	63.9	6,320	55.1	6,652	52.3	1,981	61.8	1,836	69.1	1,837	71.4
3. Other Assets 4/	887	9.4	598	5.2	872	6.9	148	4.6	- 3	- .1	240	9.3

* The numbered footnotes are shown on page 21.
** Detail may not add to total because of rounding.
*** Estimated from Form FDI-102 data.

Table VII

ALL INDUSTRIES*

SELECTED FINANCIAL DATA FOR FOREIGN AFFILIATES, 1966 - 1969 1/

	ALL SCHEDULES (excl. Canada)				CANADA			
	1966	1967	1968	1969	1966	1967	1968	1969
Earnings (Millions of $) 5/	4,025	4,370	6,930	6,144	722	820	884	1,082
Revenue (Millions of $) 6/	52,430	56,378	65,825	74,872	16,127	18,135	20,849	22,446
Ratios:								
Earnings/Revenue	.077	.078	.105	.082	.045	.045	.042	.048
Earnings/Total Assets	.080	.078	.108	.084	.046	.046	.045	.051
Debt/Equity 7/	.618	.624	.671	.708	.431	.444	.466	.479
Earnings/Equity	.130	.126	.181	.144	.066	.066	.066	.076
Earnings/Long-Term Debt + Net Worth	.111	.107	.151	.119	.056	.055	.055	.063
Fixed Assets/Revenue	.422	.442	.419	.409	.500	.502	.476	.478
Total Assets/Revenue	.954	.997	.973	.976	.968	.986	.936	.939

* The numbered footnotes are shown on page 21.

Footnotes to Tables IV - VII

1. Of the 469 Direct Investors surveyed, 61 were classified as primarily engaged in extractive industries (SIC 10 to 14 and 29) and 313 were primarily manufacturing industries (SIC 19 to 30, excluding 29). The remainder, 95 , were engaged in such pursuits as sales, forestry and fisheries, agriculture and the like. Affiliates were assigned to the industry of the parent.

2. Includes liabilities to other U. S. persons. For example, in 1967 12.6 percent of such long-term liabilities reported for Scheduled Areas A, B and C were owed to U. S. residents. The comparable figure for Canada was 24.7 percent. In 1968, the corresponding figures were 13.1 percent and 19.1 percent, respectively.

3. The increases in fixed assets shown in the Sources of Funds (Table VI) refer to increases in gross fixed assets before allowances for depreciation. Fixed assets shown in all other tables are net fixed assets, i.e., net of accumulated depreciation.

4. Other Assets include long-term receivables and intangibles. Rounding errors and other minor statistical discrepancies were attributed to this category.

5. Total earnings of majority-owned foreign affiliates are net of foreign taxes, and are estimated from cumulative quarterly report form FDI-102 data for direct investors reporting in this survey. They reflect transactions with the domestic operating units of the U. S. direct investor and unrelated foreigners, but exclude earnings arising from transactions with majority-owned foreign affiliates of the same direct investor.

6. Revenue is net of allowances and returns. It includes sales, service, rents, interest, royalties and dividends arising from transactions with the domestic operating units of the U. S. direct investor and unrelated foreigners, but excludes earnings arising from transactions with majority-owned foreign affiliates of the same direct investor.

7. In the computation of the debt-equity ratio, liabilities of the affiliate to the U. S. parent firm were counted as equity. Equity includes minority equity as well.

APPENDIX

SUMMARY OF THE FOREIGN DIRECT INVESTMENT REGULATIONS

The Foreign Direct Investment Regulations, issued to implement Executive Order 11387 of January 1, 1968, are administered by the Office of Foreign Direct Investments (OFDI) of the U.S. Department of Commerce. The Regulations are needed to assist the United States balance of payments position by imposing certain restraints on investment in "affiliated foreign nationals" by U.S. "direct investors."

The following explanation is presented in broad terms to provide a general understanding of the Regulations in effect for 1971 and should not be relied upon as a comprehensive or exact explanation. Reference should be made to the Regulations themselves and to the General Bulletin and other material issued by the OFDI for this latter purpose.

An affiliated foreign national (AFN) is a foreign corporation, partnership, or unincorporated business venture in which a 10 percent or greater interest is owned by a person (an individual, corporation, partnership, business venture, trust or estate) within the United States, i.e., a direct investor (DI). The requisite interest is measured by voting power if the AFN is a corporation, and by a right to share in profits if the AFN is unincorporated.

"Direct investment" during a given period is calculated by adding (i) the "net transfer of capital" by the DI to its incorporated and unincorporated AFNs and (ii) the DI's share of earnings of its incorporated AFNs which have been reinvested.

Generally, a transfer of capital by a DI to an AFN is a transfer of funds or other property that increases the DI's aggregate equity or debt investment in the AFN. Conversely, a transfer of capital by an AFN to a DI is generally a transfer of funds or other property that reduces the DI's aggregate equity or debt investment in the AFN.

Net transfer of capital to incorporated AFNs for a given period is the aggregate of transfers of capital by the DI less the aggregate of transfers of capital by the incorporated AFNs to the DI during the same period. Net transfer of capital to unincorporated AFNs for a given period is the DI's share of the aggregate increase or decrease in the aggregate net assets of such AFNs (whether such net increase or decrease results from transfers of capital, earnings or losses).

In addition to regulating positive direct investment, the Regulations restrict the amount of "liquid foreign balances" (e.g., money on deposit in foreign banks and negotiable or non-negotiable instruments of unaffiliated foreign nationals with a period of less than a year remaining to maturity when acquired) that may be held by a DI. Generally, the amount of such balances that a DI may hold at the end of each month cannot exceed the greater of $100,000 or the average month-end amount of liquid foreign balances held by the DI in 1965 and 1966.

For certain purposes of the Regulations, foreign countries are divided into three scheduled areas: Schedule A consists of the less-developed countries; Schedule B embraces a limited number of industrialized or partially industrialized countries, such as the United Kingdom, Australia, New Zealand, Ireland, Spain, Japan, and certain oil producing nations; and Schedule C covers the rest of the world, including primarily the industrialized countries of Western Europe and South Africa.

The Regulations do not restrict direct investment or liquid foreign balances in Canada, although DIs investing in Canada are required to file with OFDI the same reports that DIs with AFNs in other countries must submit. The Regulations do not apply to banks or other financial institutions subject to the Foreign Credit Restraint Program administered by the Federal Reserve System.

The amount of positive direct investment that a DI is permitted to make during a calendar year is provided for in Subpart E of the Regulations.

Under Subpart E a DI may choose either of two "minimum" allowables: Section 503 permits worldwide positive direct investment of not more than $2,000,000 each year; Section 507 provides an "alternative minimum and Schedule A supplemental allowable" of $2,000,000 per year worldwide plus an additional $4,000,000 a year that may be invested only in Schedule A. If a DI elects to use one of these allowables, it cannot shift to the other in the following year without OFDI authorization.

Alternatively, a DI may elect either of two other allowables, the "historical" allowable or the "earnings" allowable. The Section 504(a) historical allowable authorizes an annual amount of positive direct investment in each scheduled area based upon the following percentages of the DI's average annual direct investment in the respective area in the years 1965 and 1966: Schedule A, 110 percent; Schedule B, 65 percent; and Schedule C, 35 percent. The Section 504(b) earnings allowable permits a DI an annual amount of positive direct investment in each scheduled area based upon 40 percent of its share of the previous year's earnings of its AFNs in the respective scheduled area.

In addition to the foregoing general allowables, a DI may also qualify for an "incremental earnings" allowable. This allowable is available on a worldwide basis and is equal to the amount by which 40 percent of the DI's share of the increase in the earnings of its AFNs in the current year over its share of the average annual earnings of its AFNs in 1966 and 1967 exceeds the amount of positive direct investment the DI has available to it under the minimum, historical or earnings allowable. This provision is designed to aid DIs having AFNs with rapidly increasing earnings.

The Regulations provide that all or part of any positive direct investment authorized in Schedule C countries may be made instead in Schedule A or B, and any investment authorized in Schedule B countries may be used instead in Schedule A.

DIs are afforded a further measure of flexibility in meeting foreign investment plans through use of proceeds of "long-term foreign borrowing." Proceeds of long-term foreign borrowing expended in making transfers of capital or "allocated" to positive direct investment are deducted in calculating the DI's net transfers of capital or positive direct investment, and a charge against a DI's allowables is made only upon repayment of the borrowing. Positive direct investment in excess of a DI's allowables resulting from repayment of long-term foreign borrowing is authorized by Subpart J of the Regulations, provided the DI has satisfied certain specified conditions.

The flexibility made possible through use of proceeds of long-term foreign borrowing was increased, effective May 1, 1970, by new rules under which a short-term foreign borrowing successively refinanced abroad in any manner will qualify as long-term foreign borrowing, if the amount of short-term borrowing refinanced is in fact continuously outstanding for an uninterruped period of at least 12 months. Previously, a long-term foreign borrowing had to have a stated maturity of at least 12 months, or had to contain specific provisions for renewal by the same lender for at least 12 months.

Because of the circumstances unique to the airlines industry, special rules for computing allowables for that industry are provided in Subpart M of the Regulations.

Subpart N provides special treatment for borrowings of overseas finance subsidiaries.

Provision is made in the Regulations pursuant to which DIs may seek relief from restraints imposed by the Regulations by applying to the OFDI for specific authorizations. Through this means, for example, DIs may obtain specific authorization covering increases in export credits to AFNs, foreign equity financing transactions, blocked earnings relief, etc. Detailed instructions for submitting applications for such relief are available to direct investors on request.

DIs are required to file certain reports with the OFDI. If the DI's interest in all AFNs is $100,000 or more, based on cost, book, replacement or market value, whichever is largest, the DI is required to file a base period report on Form FDI-101 on or before the end of the month following the close of the first quarter in which its interest reaches this sum. Alternatively, Form FDI-101 is required to be filed if the DI's share in the earnings of AFNs is $50,000 or more during any year.

Unless a DI is exempt from having to file a base period report, it will be required to file an annual report on Form FDI-102F or FDI-102F/S within four months after the end of each calendar year. Also, cumulative quarterly reports must be filed on Form FDI-102 commencing with the quarter during which a DI's cumulative direct investment exceeds $2,000,000 or if the DI receives a specific authorization conditioned upon the filing of such reports.

It should be noted that different tests apply to determine whether an investor is a DI, whether a DI must file a base period report and an annual report, and whether a DI must report quarterly.

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